

FINANCE CODE

TITLE 4. REGULATION OF INTEREST, LOANS, AND FINANCED TRANSACTIONS

SUBTITLE B. LOANS AND FINANCED TRANSACTIONS

CHAPTER 347. MANUFACTURED HOME CREDIT TRANSACTIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 347.001. LEGISLATIVE FINDING. The legislature finds that credit transactions, both credit sales and consumer loans, for the purchase of manufactured homes should be regulated equally in the same chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.002. DEFINITIONS. (a) In this chapter:

(1) "Consumer" means a person to whom credit is extended in a credit transaction. The term includes a comaker, endorser, guarantor, surety, or another person who is obligated to repay the extension of credit.

(2) "Credit document" means a written instrument evidencing a credit transaction and includes all written agreements between each consumer and creditor that relate to that transaction.

(3) "Credit transaction" means:

(A) any sale, loan, or other transaction involving a retail purchase of a manufactured home and under which a person in a written agreement, including a credit sales contract or loan instrument, grants to another person a purchase money lien on the manufactured home to secure an extension of credit that is:

(i) subject to a finance charge; or

(ii) payable in more than four installments, not including a down payment; and

(B) a lease or bailment described by Section [347.003](#).

(4) "Creditor" means a:

(A) person who extends credit or arranges for the extension of credit in a credit transaction; or

(B) retailer or broker, as defined by Section [1201.003](#), Occupations Code, who participates in arranging for the

extension of credit in a credit transaction.

(5) "Manufactured home" has the meaning assigned by Section 1201.003, Occupations Code. The term includes furniture, appliances, drapes, carpets, wall coverings, and other items that are:

(A) attached to or contained in the structure;  
and

(B) included in the cash price and sold with the structure.

(b) To the extent possible, a word or phrase used in this chapter, other than a term defined by this section, has the meaning assigned by the Truth in Lending Act (15 U.S.C. Section 1601 et seq.) and its subsequent amendments, as implemented by Regulation Z (12 C.F.R. Part 1026).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 1276, Sec. 14A.773, eff. Sept. 1, 2003. Amended by:

Acts 2017, 85th Leg., R.S., Ch. 408 (H.B. 2019), Sec. 72, eff. September 1, 2017.

Sec. 347.003. BAILMENT OR LEASE AS CREDIT TRANSACTION. (a) A bailment or lease of a manufactured home is a credit transaction if the bailee or lessee:

(1) agrees to pay as compensation for use of the manufactured home an amount that is substantially equal to or that exceeds the aggregate value of the property and services involved;  
and

(2) on compliance with the agreement becomes the owner of the manufactured home or has the option to become the owner of the manufactured home, for nominal or no additional consideration.

(b) A bailment or lease that the bailee or lessee may terminate at any time without penalty is not a credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.004. COMPLIANCE WITH FEDERAL CONSUMER CREDIT PROTECTION ACT. (a) A creditor shall comply with all applicable requirements, including required disclosures, under the Truth in

Lending Act (15 U.S.C. Section 1601 et seq.) and its subsequent amendments, as implemented by Regulation Z (12 C.F.R. Part 1026) adopted under that Act.

(b) A regulation, disclosure, or interpretation of this chapter that is inconsistent or in conflict with a federal regulation, disclosure, or interpretation does not apply.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 408 (H.B. [2019](#)), Sec. 73, eff. September 1, 2017.

Sec. 347.005. FEDERAL RESIDENTIAL MORTGAGE LOANS PROGRAMS.

(a) A creditor and consumer may agree to any provision in the credit transaction that is expressly authorized in a program for residential mortgage loans by the United States, including the Office of Thrift Supervision, the Office of the Comptroller of the Currency, or the Department of the Treasury.

(b) If a creditor and consumer agree on an alternative residential mortgage loan from a program described by Subsection (a), the creditor shall comply with all limitations and requirements, including required disclosures, of the regulating entity that relate to the loan.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.006. WAIVER NOT VALID. No act or agreement of the consumer before or at the time of the making of a credit transaction or purchase under the transaction is a valid waiver of any provision of this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.007. APPLICATION OF CHAPTER TO COMMERCIAL LOANS.

This chapter does not apply to a credit transaction that is entered into primarily for commercial or business purposes.

Added by Acts 2005, 79th Leg., Ch. 1018 (H.B. [955](#)), Sec. 2.18, eff. September 1, 2005.

Sec. 347.008. APPLICABILITY. Each credit transaction

extended to a person who is located in this state at the time the transaction is entered into is subject to this chapter.

Added by Acts 2019, 86th Leg., R.S., Ch. 767 (H.B. [1442](#)), Sec. 30, eff. September 1, 2019.

#### SUBCHAPTER B. CREDIT DOCUMENT

Sec. 347.051. APPEARANCE OF CREDIT DOCUMENT; CONSUMER NOTICE. (a) The printed part of a credit document, other than instructions for completion, must be in at least eight-point type.

(b) A credit document must contain substantially:

"NOTICE TO THE CONSUMER--DO NOT SIGN THIS DOCUMENT BEFORE YOU READ IT OR IF IT CONTAINS ANY BLANK SPACES. YOU ARE ENTITLED TO A COPY OF THE DOCUMENT YOU SIGN. UNDER THE LAW YOU HAVE THE RIGHT TO PAY OFF IN ADVANCE THE FULL AMOUNT DUE AND OBTAIN A SUBSTANTIAL REFUND OF THE CREDIT CHARGE. KEEP THIS DOCUMENT TO PROTECT YOUR LEGAL RIGHTS."

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.052. DISCLOSURE OF AMOUNT OF DELINQUENCY CHARGE. The creditor shall disclose in the credit document the amount or method of computing the amount of a charge that is payable if a payment on the credit transaction is late.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.053. PROVISIONS PROHIBITED IN CREDIT DOCUMENT. A credit document may not:

(1) contain a power of attorney to confess judgment in this state;

(2) contain an assignment of wages;

(3) provide that the consumer agrees not to assert against a creditor or an assignee of the credit transaction a claim or defense arising out of the sale; or

(4) authorize the creditor or a person acting on the creditor's behalf to:

(A) enter the consumer's premises unlawfully; or

(B) commit a breach of the peace in the repossession of a manufactured home.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.054. CONSUMER'S ACKNOWLEDGMENT OF DELIVERY OF CREDIT DOCUMENT. (a) A consumer's acknowledgment of the delivery of a copy of the credit document is conclusive proof that:

(1) the document was delivered to the consumer; and

(2) the document did not contain a blank space that was required by this chapter to have been filled when the document was signed by the consumer.

(b) In an action or proceeding by or against a subsequent creditor who does not have knowledge to the contrary, a consumer's acknowledgment of the delivery of a copy of the credit document is conclusive proof that the creditor complied with this section.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.055. CREDIT DOCUMENT AFTER AMENDMENT. After a credit document is amended under Subchapter D, the document consists of:

(1) the original credit document;

(2) the writing required under Section [347.153](#) for that amendment; and

(3) each amendment to the original credit document adopted before that amendment.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.056. AUTHORITY OF CONSUMER CREDIT COMMISSIONER RELATING TO A CREDIT DOCUMENT. Except as provided by Section [347.004](#)(a), the commissioner may not require the inclusion of any specific language or a disclosure on a credit document that is not expressly required by:

(1) this chapter; or

(2) a regulation of the Office of the Comptroller of the Currency.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 408 (H.B. 2019), Sec. 74, eff. September 1, 2017.

#### SUBCHAPTER C. FINANCE CHARGE RATES AND ADJUSTMENTS

Sec. 347.101. ADJUSTABLE RATE. A credit transaction may provide for an adjustable interest rate or time price differential in accordance with this subchapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.102. REQUIREMENTS FOR RATE ADJUSTMENTS. (a) The interest rate or time price differential in a credit transaction may be adjusted at stated regular intervals if the credit document expressly:

- (1) provides for the adjustment; and
- (2) states the index described by Subsection (b) that is being used for the adjustment.

(b) The index must be:

- (1) the monthly average gross yield to the Federal National Mortgage Association on accepted bids in weekly or biweekly auctions for four-month commitments to purchase FHA-insured or VA-guaranteed home mortgages, as published in the Federal Reserve Bulletin;

- (2) the monthly average yield on United States Treasury securities adjusted to a constant maturity of five years as published in the Federal Reserve Bulletin; or

- (3) an index expressly approved by the Office of Thrift Supervision or by the Office of the Comptroller of the Currency, Department of the Treasury, for adjustable or variable interest rates on residential mortgage loans.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.103. RATE ADJUSTMENT INDEX BASE. The index base for an adjustment of the interest rate or time price differential is set by the index value on the first day of the month in which the credit document is dated.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.104. AMOUNT OF RATE ADJUSTMENT. (a) The amount of a rate adjustment is computed by subtracting the index base or, for a change after the initial change, the index value used for the preceding rate adjustment from the index value on the first day of a month that precedes the 50th day before the date on which the adjustment is to take effect. The amount is applied to the rate applicable to the credit transaction.

(b) The rate in a credit transaction may be adjusted only if the adjustment results in a change of at least one-eighth of one percent a year.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.105. MAXIMUM RATE ADJUSTMENTS. (a) The total of the rate adjustments for any six-month period may not exceed one-half of one percent a year.

(b) If the stated interval for rate adjustments is a 12-month period or longer, a rate adjustment may not exceed one percent a year.

(c) The total of all rate adjustments over the term of the credit transaction may not exceed the least of:

- (1) one-half of the initial rate;
- (2) eight percent; or
- (3) a rate, expressed as a percentage, computed by dividing the term of the loan in years by two.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.106. MANDATORY DECREASE; OPTIONAL INCREASE. (a) If a computation under Section 347.104 results in a decrease, the creditor shall decrease the credit transaction's rate. If the creditor has agreed to impose periodic or aggregate limitations on rate adjustments that are smaller or more restrictive than the limitations prescribed by Section 347.105, those limitations apply to the decrease.

(b) A creditor may waive an increase that results from a computation under Section 347.104.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.107. NOTICE OF RATE ADJUSTMENT. (a) After the notice provided by this section has been given, the rate shall be increased or decreased by the amount determined by this subchapter.

(b) Before the 40th day preceding the payment date on which a rate adjustment is to take effect, the creditor shall mail to the consumer, postage prepaid, a notice that states:

(1) the initial credit transaction rate or the adjusted rate in effect on the date of the notice, as appropriate;

(2) the index base, or the index value used to compute the preceding rate adjustment, as appropriate, and the date on which the index base or value was determined;

(3) the index value used to compute the rate adjustment for which the notice is sent and the date on which the index value was determined;

(4) the amount of the rate adjustment;

(5) the new adjusted rate;

(6) the amount of the monthly payments on the indebtedness on the date of the notice;

(7) the adjusted amount of the monthly payments and the date on which the adjustment takes effect; and

(8) a statement of the prepayment rights of the consumer as set forth in the credit document.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.108. PROHIBITION ON USE OF RATE ADJUSTMENT AND CERTAIN MORTGAGES. A credit transaction that provides for a rate adjustment under this subchapter may not permit the rate adjustment to be combined with a mortgage loan that has a term of five years or less or contain a provision that otherwise additionally allows the creditor to renegotiate, modify, or otherwise adjust the rate or term of the transaction within the 60-month period after the date of the transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.109. COMPUTATION OF FINANCE CHARGE FOR DISCLOSURE.

(a) This section applies only for purposes of disclosure.

(b) The finance charge on a credit transaction is computed on the unpaid balance from the effective date of the transaction provided by the credit document until the payment date of the final installment, notwithstanding that the total of payments is required to be repaid in installments.

(c) The finance charge on a credit transaction that includes an adjustable rate provision is computed on the amount financed using the initial contract rate.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.110. USE OF OPTIONAL CEILING. (a) This section applies to a credit transaction only if the federal usury preemptions for residential mortgage loans contained in the Veterans' Disability Compensation and Survivors' Benefits Act of 1979 (38 U.S.C. Section 101 et seq.), the Housing and Community Development Act of 1979 (42 U.S.C. Section 5401 et seq.), and the Depository Institutions Deregulation and Monetary Control Act of 1980 (12 U.S.C. Section 1735f-7) are expressly made inapplicable to transactions made in this state by an Act of the legislature of this state. Application of this section begins on the effective date of that Act.

(b) The interest or time price differential in a credit transaction may not exceed the amount obtained by applying a simple interest rate equal to 13.32 percent a year to the unpaid balance for the scheduled term of the transaction.

(c) If the credit transaction is payable for a period that is shorter or longer than a year or is for an amount that is less or greater than \$100, the amount of the maximum charge computed under this section is decreased or increased proportionately.

(d) For the purpose of a computation under this section, 15 or more days of a month may be considered a full month.

(e) A transaction payable other than in substantially equal successive monthly installments beginning one month from the date of the credit document may provide for a finance charge that does not exceed an amount that, having due regard for the schedule of payments, provides the same effective return as if the credit transaction were payable in substantially equal successive monthly

installments beginning one month from the date of the credit document.

(f) As an alternative to the rate authorized under Subsection (b), a credit transaction may provide for a rate that does not exceed the applicable optional interest rate ceiling under Chapter 303.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER D. AMENDMENT OR PREPAYMENT OF CREDIT TRANSACTION

Sec. 347.151. AMENDMENT OF CREDIT TRANSACTION. (a) On a consumer's request, a creditor may:

(1) extend or defer the scheduled due date of all or part of one or more installments of the credit transaction;

(2) renew, restate, or reschedule the unpaid balance of the transaction; or

(3) increase or reduce the number of installments of the transaction.

(b) A creditor may collect a charge that does not exceed the amount computed by applying the credit transaction's interest rate or time price differential applicable on the date of adjustment to the remaining amount of the unpaid balance, computed under Section 347.155, for the period that the amount is extended or deferred.

(c) The creditor and consumer may agree to an unlimited number of extensions. The period of each extension is the period agreed to by the creditor and consumer.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.152. ALTERNATE METHOD OF AMENDMENT OF CREDIT TRANSACTION. (a) As an alternative to Section 347.151 the creditor, on the consumer's request, may agree to amend an original credit transaction by renewing, restating, or rescheduling the unpaid part of the total of payments.

(b) The charge for the amended credit transaction is computed on the unpaid balance of the transaction for the term of the transaction at the rate applicable to the transaction.

(c) For the purpose of Subsection (b), the unpaid balance of

an amended credit transaction is computed by:

(1) adding:

(A) the unpaid balance of the transaction preceding the amendment;

(B) the cost of insurance incidental to the amendment;

(C) additional necessary official fees; and

(D) each accrued delinquency and collection charge; and

(2) subtracting from the total under Subdivision (1) the prepayment refund credit required by Section 347.155.

(d) The provisions of this chapter relating to minimum charges and acquisition costs do not apply to the computation of the unpaid balance for an amended credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.153. REQUIREMENTS FOR AMENDMENT. (a) Before an amendment of a credit transaction may take effect it must be:

(1) confirmed in writing;

(2) signed by the consumer; and

(3) returned to the creditor.

(b) The writing must state:

(1) the terms of the amendment; and

(2) the new due dates and amounts of the installments.

(c) The creditor shall:

(1) deliver a copy of the writing to the consumer; or

(2) mail a copy of the writing to the consumer's address shown on the credit document.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.154. ORAL AMENDMENT NOT BINDING. An oral amendment to a credit transaction is not binding on the consumer or the creditor.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.155. PREPAYMENT. (a) A consumer may prepay in full the unpaid balance of a credit transaction at any time before

maturity.

(b) On prepayment, after deduction of an acquisition charge that does not exceed \$50, the consumer is entitled to a refund credit of the time price differential or interest. The amount of the credit is computed on an actuarial basis in accordance with regulations of the Office of the Comptroller of the Currency adopted under the Depository Institutions Deregulation and Monetary Control Act of 1980 (12 U.S.C. Section 1735f-7a et seq.) for the prepayment of a mortgage loan that is secured by a first lien on a residential manufactured home.

(c) In making the computation under Subsection (b), the creditor may assume that payments on the credit transaction have been made as originally scheduled, ignoring any difference created by a late or early payment.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 408 (H.B. [2019](#)), Sec. 75, eff. September 1, 2017.

#### SUBCHAPTER E. INSURANCE

Sec. 347.201. PROPERTY INSURANCE. (a) A creditor may require a consumer to insure the property involved in a credit transaction with coverage designated by the creditor.

(b) Insurance required under this section may include federal flood coverage.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.202. STATEMENT OF REQUIRED INSURANCE. (a) If insurance is required in connection with a credit transaction, the creditor shall give to the consumer a statement that clearly and conspicuously states that:

(1) insurance is required in connection with the transaction; and

(2) the consumer as an option may obtain and furnish equivalent insurance coverage through an insurance policy obtained from an insurance company authorized to do business in this state

subject to the limitations of Section 347.208.

(b) The statement may be made with or be a part of the credit document.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.203. CONSUMER'S FAILURE TO OBTAIN REQUIRED INSURANCE. (a) If at any time the consumer fails to obtain the required insurance, the creditor may:

(1) treat the failure as a default; or

(2) purchase the required insurance and add to the unpaid balance of the credit transaction the premium of the insurance and interest, at the interest rate or time price differential applicable to the transaction on the date the insurance is purchased.

(b) The insurance purchased under Subsection (a) may be in an amount up to but not in excess of the prepayment amount under Section 347.155 if the balance were prepaid on the date that the insurance is purchased.

(c) If insurance is purchased under Subsection (a), the creditor shall notify the consumer that:

(1) the insurance has been purchased under this section; and

(2) the premium for the insurance and interest on the premium have been added to the unpaid balance.

(d) The creditor may determine the period and number of installments in which the consumer is to pay the premium and interest, including payment of the total amount on the date of the last installment, payment in equal increments added to each of the remaining installments, or payment in a lesser number of installments or in unequal increments.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.204. PURCHASE OF ADDITIONAL INSURANCE AFTER DATE OF CREDIT DOCUMENT. (a) A consumer may:

(1) purchase any insurance authorized by this chapter after the date of the credit document; and

(2) include the amount of the insurance premium in the

unpaid balance of the credit transaction.

(b) Interest accrues on the insurance premium at a rate that does not exceed the interest rate or time price differential applicable to the credit transaction on the date the insurance is purchased.

(c) The additional insurance premium and interest may be paid in any period and any number of installments to which the consumer and creditor agree.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.205. STATEMENT FOR PURCHASE OF OPTIONAL INSURANCE.

(a) A consumer who elects to purchase optional insurance must sign a statement that:

- (1) indicates the consumer's election; and
- (2) describes the term, premium, and type of insurance purchased.

(b) The statement may be a part of the credit document or a part of a separate document.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.206. REQUIREMENTS FOR INSURANCE CHARGE IN CREDIT TRANSACTION. Insurance required by or included in a credit transaction must be written:

- (1) at lawful rates;
- (2) in accordance with the Insurance Code; and
- (3) by a company authorized to do business in this state.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.207. INSURANCE DISCLOSURES IN CREDIT DOCUMENT. A credit document must disclose:

(1) the term, premium, and type of insurance the cost of which is included in the unpaid balance of the credit transaction; or

(2) the term and type of insurance required in accordance with this chapter if the cost of the insurance is not included in the unpaid balance.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.208. CREDITOR MAY REFUSE TO ACCEPT POLICY. (a) If the consumer obtains insurance required under this chapter from someone other than the creditor, the creditor is entitled for good cause to refuse to accept certain insurance policies from insurance companies designated by the creditor.

(b) On the consumer's request the creditor shall deliver to the consumer a writing that states the reason for a refusal under Subsection (a).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.209. CREDITOR'S DUTY IF INSURANCE IS CANCELED, ADJUSTED, OR TERMINATED. (a) If insurance for which a charge is included in a credit transaction is canceled, adjusted, or terminated, the creditor shall:

(1) credit to the final maturing installments of the credit transaction the amount of the refund received by the creditor for unearned insurance premiums; and

(2) if the amount to be credited under Subdivision (1) is more than the unpaid balance of the credit transaction, refund to the consumer the difference between those amounts.

(b) A cash refund is not required under this section if the amount of the refund is less than \$1.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.210. SINGLE INTEREST POLICY PROHIBITED. Insurance that protects only the interest of the creditor is prohibited and may not be financed as part of a credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.211. GAIN OR ADVANTAGE FROM INSURANCE NOT CHARGE. Any gain or advantage to a creditor or a creditor's employee, officer, director, agent, general agent, affiliate, or associate from insurance under this chapter or the provision or sale of insurance is not an additional finance charge or an additional charge in connection with a credit transaction except as

specifically provided by this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER F. PAYMENT OF INSURANCE AND TAXES

Sec. 347.251. FINANCING INSURANCE. (a) A creditor may finance as part of a credit transaction insurance:

- (1) required in accordance with Section 347.201; or
- (2) requested by the consumer.

(b) The cost of the insurance required under Section 347.201 may be included as a separate charge in the credit transaction.

(c) The premium of any insurance included in the credit transaction may be included in the unpaid balance of the credit transaction and paid as part of the total of payments regardless of whether the term of the insurance is less than the term of the credit transaction.

(d) A consumer and creditor may agree that the purchase of additional insurance under Section 347.204 will be:

- (1) in accordance with an insurance premium financing agreement made under the Insurance Code; and
- (2) separate from the credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.252. PAYMENT OF INSURANCE PREMIUMS WITH INSTALLMENTS. For insurance coverage required under Section 347.201 in the second and subsequent years of the credit transaction, a creditor may require the consumer to pay on each installment due date an amount equal to one-twelfth of the reasonably estimated yearly premium.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.253. ADJUSTMENT OF AMOUNTS PAID TO CREDITOR FOR INSURANCE. (a) If the amount held by a creditor to pay insurance premiums and the amounts for insurance to be paid to the creditor with installments before the due date of an insurance premium exceed the amount required to pay the insurance premium when it is due, the creditor, at the consumer's option, shall:

(1) repay the excess to the consumer; or

(2) credit the excess to the payment of the consumer's future insurance premium installments.

(b) If the amount held by the creditor to pay insurance premiums is not sufficient to pay an insurance premium when it is due, the consumer, not later than the 30th day after the date on which the creditor mails to the consumer notice requesting the consumer to pay the amount of the deficiency, shall pay to the creditor an amount equal to the amount of the deficiency.

(c) If the consumer fails to pay the amount under Subsection (b) for insurance required by the creditor under Section 347.201, the creditor may treat the deficiency in the same manner as provided by Section 347.203 for the consumer's failure to obtain the required insurance.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.254. PAYMENT OF TAXES THROUGH THE CREDITOR. (a) Except as provided by Subsection (c), a creditor shall require a consumer to pay ad valorem taxes on the manufactured home through the creditor.

(b) The creditor may:

(1) include in the credit transaction an amount equal to a reasonable estimate of the tax for the first year; or

(2) require that the consumer pay on each installment due date an amount equal to one-twelfth of the reasonable estimate of the tax for the first year.

(c) The escrow requirement of Subsection (a) does not apply to a transaction involving a manufactured home if the creditor is a federally insured financial institution and does not otherwise require the escrow of taxes, insurance premiums, fees, or other charges in connection with loans secured by residential real property.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2003, 78th Leg., ch. 338, Sec. 40, eff. June 18, 2003.

Sec. 347.255. ADJUSTMENT OF AMOUNTS PAID TO CREDITOR FOR TAXES. (a) If the amount held by a creditor to pay ad valorem taxes

on the manufactured home and the amounts for taxes to be paid to the creditor with installments before the due date of the tax exceed the amount required to pay the tax when it is due, the creditor, at the consumer's option, shall:

(1) repay the excess to the consumer; or

(2) credit the excess to the payment of the consumer's future tax installments.

(b) If the amount held by the creditor to pay ad valorem taxes on the manufactured home is not sufficient to pay the tax when it is due, the consumer, before the 31st day after the date on which the creditor mails to the consumer notice requesting the consumer to pay the amount of the deficiency, shall pay to the creditor an amount equal to the amount of the deficiency.

(c) If the consumer fails to pay the amount under Subsection (b), the creditor may treat the deficiency in the same manner as provided by Section 347.203 for the consumer's failure to obtain the required insurance.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.256. CREDITOR'S ACTION ON CONSUMER'S FAILURE TO PAY TAXES. (a) If a consumer does not pay a tax that has been assessed against the manufactured home, the creditor may treat the failure as a default or may:

(1) pay to the appropriate taxing authority the unpaid tax and any interest or other charge due; and

(2) add to the unpaid balance of the credit transaction the amounts paid to the taxing authority and interest, at the interest rate or time price differential applicable to the transaction on the date payment is made.

(b) If the creditor pays a tax under this section, the creditor shall notify the consumer that:

(1) the tax and interest or other charges have been paid, as appropriate; and

(2) those amounts have been added to the unpaid balance of the credit transaction.

(c) The creditor may determine the period and number of installments in which the consumer is required to pay the amounts

added to the unpaid balance, including payment of the entire amount on the date of the last installment, payment in equal increments added to each of the remaining installments, or payment in a lesser number of installments or unequal increments.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.257. AGREEMENT TO INCLUDE TAXES IN CREDIT TRANSACTION. (a) A consumer and creditor may agree to:

(1) have the creditor pay taxes, and interest or other charges, assessed by a taxing authority against a manufactured home after the date of the credit document; and

(2) include the amount paid by the creditor in the unpaid balance of the credit transaction.

(b) Interest on the amounts added to the unpaid balance under this section accrues at the interest rate or time price differential applicable to the credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.258. DEPOSIT AMOUNTS PAID FOR TAXES OR INSURANCE.

(a) This section applies to amounts received in installments by a creditor for the payment of ad valorem taxes or insurance premiums.

(b) The creditor shall deposit and hold the amount in an institution the deposits or accounts of which are insured or guaranteed by a federal or state agency.

(c) The creditor shall use the amount to pay the ad valorem taxes or insurance on the manufactured home, as appropriate.

(d) The creditor may not charge an amount for:

(1) holding or paying an amount received;

(2) analyzing the account in which the amount is deposited; or

(3) verifying or compiling the bills to be paid.

(e) The creditor is not required to pay to the consumer any interest or earnings on an amount received.

(f) The creditor shall give to the consumer, without charge, an annual accounting of the amounts received showing credits and debits and the purpose for which each debit was made.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

## SUBCHAPTER G. MISCELLANEOUS FEES AND CHARGES

### Sec. 347.301. FEES FOR TRANSACTIONS WITHOUT REAL PROPERTY.

(a) This section applies only to a credit transaction that does not involve real property.

(b) Only a fee or tax that is paid by the creditor as required by law, including a rule, or a fee or tax paid on behalf of the consumer to a governmental entity in relation to the credit transaction may be charged to the consumer.

(c) A documentary fee for the preparation of a credit document may not be charged to the consumer.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 62, Sec. 7.21(a), eff. Sept. 1, 1999.

Sec. 347.302. CHARGE PROHIBITED. A creditor may not charge a consumer any amount in connection with processing a credit transaction rate adjustment under Subchapter C.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.307. CHARGES ON REPOSSESSION. A credit document may provide for payment of:

- (1) reasonable attorney's fees;
- (2) court costs and disbursements; and
- (3) the charge and collection of actual and reasonable out-of-pocket expenses incurred in connection with repossession of the manufactured home that secures the payment of the credit transaction or foreclosure of a lien on the manufactured home, including costs of storing, reconditioning, and reselling the manufactured home, subject to the standards of good faith and commercial reasonableness set by the Business & Commerce Code.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.308. FEE FOR TRANSFER OF OBLIGOR ON DEBT. A creditor may:

- (1) agree to accept a subsequent consumer as an obligor under an existing obligation; and

(2) charge a transfer fee that does not exceed the greater of:

(A) \$50; or

(B) one-half of one percent of the unpaid balance of the credit transaction computed under Section [347.155](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER H. ACTIONS ON DEFAULT

Sec. 347.351. DELINQUENCY CHARGE ON DEFAULT. (a) On each installment in default for more than 15 days, a creditor may collect a delinquency charge that does not exceed the lesser of an amount equal to five percent of the installment or \$20.

(b) Only one delinquency charge may be collected on an installment, regardless of the period for which the installment remains in default.

(c) The charge or collection of a delinquency charge does not affect the right of a creditor to accelerate the debt under this subchapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.352. ACCELERATION OF DEBT MATURITY. A creditor may accelerate the maturity of all or a part of the amount owed under a credit transaction only if the consumer is in default on the performance of an obligation under the credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.353. COMPUTING AMOUNT OWED FOR PURPOSE OF ACCELERATION. In computing the amount that is owed under a credit transaction, the creditor shall grant to the consumer a refund of the finance charge computed under Section [347.155](#).

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.354. ACCRUAL OF INTEREST ON ACCELERATION. If payment of a debt is accelerated, interest accrues on the amount owed under the credit transaction, including expenses authorized under Section [347.307](#) that are incurred, at a rate equal to the rate

applicable to the credit transaction at the time of the acceleration.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.355. REPOSSESSION ON DEFAULT. (a) If a consumer is in default, the creditor who possesses the first recorded perfected security interest may repossess the manufactured home.

(b) If the manufactured home is affixed to real property, the creditor, after notice, may remove the manufactured home from the real property in accordance with the applicable provisions of the Business & Commerce Code as if it were personal property.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.356. REQUIREMENTS FOR ACTION TO REPOSSESS, FORECLOSE, OR ACCELERATE PAYMENT OF ENTIRE DEBT. An action to repossess a manufactured home, foreclose a lien on a manufactured home, or accelerate payment of the entire unpaid balance of a credit transaction must comply with the regulations of the Office of the Comptroller of the Currency relating to the disclosure required for repossession, foreclosure, or acceleration except in extreme circumstances, including abandonment or voluntary surrender of the manufactured home.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 408 (H.B. [2019](#)), Sec. 76, eff. September 1, 2017.

Sec. 347.357. DISPOSAL OF INSURANCE AND TAX ESCROW ACCOUNT ON DEFAULT. If a consumer is in default, the amount in the consumer's insurance and tax escrow accounts established under Section [347.258](#) shall be applied to the remaining balance of the credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER I. SECURITY INTERESTS IN MANUFACTURED HOMES

Sec. 347.401. PRIORITY OF SECURITY INTEREST FOR UNPAID

RENTAL OF REAL PROPERTY. Except as provided by this subchapter, a lien or charge against a manufactured home for unpaid rental of the real property on which the manufactured home is or has been located is subordinate to the rights of a creditor with a security interest or lien that is:

(1) perfected under this chapter; and

(2) recorded on the document of title issued on the manufactured home.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.402. POSSESSORY LIEN. (a) The owner of the real property on which a manufactured home is or has been located and for which rental charges have not been paid has a possessory lien that is not subject to Section 347.401 to secure rental charges described by Subsection (b) if:

(1) the creditor described by Section 347.401 repossesses the manufactured home when the charges have not been paid; and

(2) the owner of the real property has mailed to the creditor by certified mail, return receipt requested, written notice of the unpaid charges.

(b) The possessory lien secures rental charges that begin to accrue:

(1) for a manufactured home that is abandoned or voluntarily surrendered by the consumer, from and after the 15th day after the date on which the creditor receives the written notice of the unpaid charges; or

(2) for a manufactured home that is not abandoned or voluntarily surrendered by the consumer, from and after the 15th day after the first day on which both:

(A) all notice and grace periods that the creditor is required to give the consumer before repossession under any applicable contract or law have expired; and

(B) the creditor has received the written notice of the unpaid charges.

(c) The maximum daily rental charge that is secured by the possessory lien is equal to one-thirtieth of the monthly rental

payment last paid by the consumer.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.403. AMOUNTS THAT MAY BE RECOVERED BY REAL PROPERTY OWNER. In addition to the recovery of the rental charges, the owner of real property who is required to retain legal counsel to recover the amounts subject to the possessory lien under Section [347.402](#) is entitled to recover:

- (1) other actual damages;
- (2) attorney's fees; and
- (3) court costs.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.404. LIABILITY OF REAL PROPERTY OWNER FOR REFUSAL TO ALLOW CREDITOR TO REPOSSESS MANUFACTURED HOME. (a) Unless an owner of real property has a possessory lien that has priority under Section [347.402](#), the owner of the real property may not refuse to allow a creditor to repossess and move the manufactured home.

(b) An owner of the real property who unlawfully refuses to allow the creditor to repossess and move the manufactured home is liable to the creditor for:

(1) an amount computed for each day that the owner of the real property maintains possession of the home equal to one-thirtieth of the monthly payment last paid by the consumer on the credit transaction;

- (2) other actual or exemplary damages;
- (3) attorney's fees;
- (4) court costs; and
- (5) any injunctive relief ordered by a court.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

#### SUBCHAPTER J. RIGHTS AND DUTIES OF CREDITOR AND RESIDENTIAL MORTGAGE LOAN ORIGINATOR

Sec. 347.451. REGISTRATION OF CERTAIN CREDITORS. (a) A creditor who is not an authorized lender under Chapter [342](#) or a credit union shall:

(1) register with the Office of Consumer Credit Commissioner; and

(2) pay a fee of \$15 for each location at which a credit transaction is originated, serviced, or collected.

(a-1) A registration issued under this section is valid for the period prescribed by finance commission rule adopted under Section [14.112](#).

(b) Subject to Section [14.112](#), the finance commission by rule may establish procedures to facilitate the registration and collection of fees under this section.

(b-1) A registered creditor that engages in the activity of originating a residential mortgage loan must meet the surety bond or recovery fund fee requirement, as applicable, of the creditor's residential mortgage loan originator under Section [180.058](#).

(c) If a creditor fails to renew the creditor's registration, the commissioner shall, not later than the 30th day after the date of expiration of the registration, notify the creditor of the expiration and of the procedures applicable to renewal.

(d) A creditor shall file the registration renewal and pay the registration fee to the commissioner not later than the 30th day after the date on which the creditor receives the notice under Subsection (c).

(e) The commissioner may refuse to renew the registration of a creditor who fails to comply with an order issued by the commissioner to enforce this chapter.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 2001, 77th Leg., ch. 867, Sec. 97, eff. Sept. 1, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. 1104 (H.B. [10](#)), Sec. 13, eff. June 19, 2009.

Acts 2019, 86th Leg., R.S., Ch. 767 (H.B. [1442](#)), Sec. 31, eff. September 1, 2019.

Sec. 347.4515. RESIDENTIAL MORTGAGE LOAN ORIGINATOR LICENSE REQUIRED. (a) In this section, "Nationwide Mortgage Licensing System and Registry" and "residential mortgage loan originator"

have the meanings assigned by Section 180.002.

(a-1) A license issued under this section is valid for the period prescribed by finance commission rule adopted under Section 14.112.

(b) Unless exempt under Section 180.003, or acting under the temporary authority described under Section 180.0511, an individual who acts as a residential mortgage loan originator in the making, transacting, or negotiating of an extension of credit subject to this chapter must:

(1) be individually licensed to engage in that activity under this chapter;

(2) be enrolled with the Nationwide Mortgage Licensing System and Registry as required by Section 180.052; and

(3) comply with other applicable requirements of Chapter 180 and rules adopted under that chapter.

(c) Subject to Section 14.112, the finance commission shall adopt rules establishing procedures for issuing, renewing, and enforcing an individual license under this section. In adopting rules under this subsection, the finance commission shall ensure that:

(1) the minimum eligibility requirements for issuance of an individual license are the same as the requirements of Section 180.055;

(2) the minimum eligibility requirements for renewal of an individual license are the same as the requirements of Section 180.059; and

(3) the applicant pays:

(A) an investigation fee in a reasonable amount determined by the commissioner; and

(B) a license fee in an amount determined as provided by Section 14.107.

(d) The finance commission may adopt rules under this chapter as required to carry out the intentions of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (Pub. L. No. 110-289).

(e) The commissioner may refuse to renew the license of an individual described by Subsection (b) who fails to comply with an

order issued by the commissioner to enforce this chapter.

Added by Acts 2009, 81st Leg., R.S., Ch. 1104 (H.B. 10), Sec. 14, eff. June 19, 2009.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 695 (S.B. 2330), Sec. 5, eff. November 24, 2019.

Acts 2019, 86th Leg., R.S., Ch. 767 (H.B. 1442), Sec. 32, eff. September 1, 2019.

Sec. 347.452. ACQUISITION AND TRANSFER OF CREDIT TRANSACTION OR BALANCE. (a) A person may acquire or agree to acquire from another person a credit transaction or an unpaid balance under a credit transaction on the terms and for the price to which the parties agree.

(b) Notice to the consumer of the transfer of rights or a requirement that the creditor be deprived of dominion over payments on a credit transaction or over a manufactured home that is returned to or repossessed by the creditor is not necessary for a written transfer of the credit transaction or an unpaid balance under the transaction to be valid as against a creditor, subsequent purchaser, pledgee, mortgagee, or lien claimant of the creditor.

(c) Unless the consumer has notice of the transfer of the consumer's credit transaction or an unpaid balance under the transaction, a payment made by the consumer to the creditor last known to the consumer is binding on each subsequent creditor.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.453. EFFECT OF DISCLOSURE BY ONE OF SEVERAL CREDITORS. In a credit transaction involving more than one creditor, the disclosure of an item by a creditor satisfies the requirement to disclose that item regardless of which creditor makes the disclosure.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.454. DISCLOSURE IF MORE THAN ONE CONSUMER. In a credit transaction involving more than one consumer, the creditor is required to give the disclosures required by this chapter to only

one of the consumers.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.455. REAL PROPERTY IN CREDIT TRANSACTION. (a) A creditor and consumer may agree to include real property in the cash price of a credit transaction if:

(1) the real property does not exceed 200 acres;

(2) the real property is purchased by the consumer simultaneously or in conjunction with the purchase of the manufactured home, regardless of whether the real property and manufactured home are sold by the same person; and

(3) the creditor and consumer agree that the manufactured home is to be attached to the real property within a reasonable time.

(b) If the real property is included in the cash price of a credit transaction, the creditor may:

(1) charge a fee that is ordinarily associated with a real property transaction and is not prohibited by law, including a fee that is associated with a real property transaction and excluded from a finance charge under this chapter by the Consumer Credit Protection Act (15 U.S.C. Section 1601 et seq.) and Regulation Z (12 C.F.R. Part 1026) adopted under that Act; and

(2) elect to treat the manufactured home as if it were residential real property for all purposes in connection with the credit transaction by conspicuously disclosing that election to the consumer.

(c) On an election under Subsection (b)(2):

(1) the credit transaction is considered to be a residential real property loan for all purposes; and

(2) this chapter, other than the definitions assigned by this chapter, does not apply to the credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2017, 85th Leg., R.S., Ch. 408 (H.B. 2019), Sec. 77, eff. September 1, 2017.

#### SUBCHAPTER K. CREDITOR'S LIABILITY; PENALTIES

Sec. 347.501. CREDITOR'S LIABILITY RELATED TO DEPOSIT. A creditor is liable for the penalty provided by Section 349.003 if the creditor:

(1) fails to order the manufactured home or fails to hold the manufactured home in inventory in accordance with the deposit agreement under Section 347.303 or 347.304, respectively; or

(2) retains as a deposit an amount that exceeds the amount authorized by Subchapter H.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.502. LIABILITY FOR CHARGE EXCEEDING AMOUNT AUTHORIZED. (a) Notwithstanding Chapter 349, a creditor who contracts for, charges, or receives a charge relating to a credit transaction, other than interest or timeprice differential, that is more than that authorized by this chapter is liable to the consumer as provided by Section 349.003.

(b) For purposes of this section, a late fee, default charge, or delinquency charge is included as a charge relating to a credit transaction.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.503. CREDITOR'S LIABILITY FOR ERROR IN PAY-OFF QUOTATION. Notwithstanding Chapter 349, a creditor that responds to a consumer's request for a pay-off quotation under this chapter by delivering to the consumer a written statement indicating that the consumer owes a total amount on the credit transaction that exceeds the amount authorized by this chapter is liable to the consumer under Section 349.003.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.504. CREDITOR'S LIABILITY FOR ORAL OR UNSOLICITED WRITTEN STATEMENT OF AMOUNT OWED. On a credit transaction a creditor is not liable for an oral statement of an amount owed or for a written statement of an amount owed that is not solicited by a debtor unless the statement:

(1) is made with a demand by a creditor that the consumer pay an amount that exceeds the amount authorized by this subtitle; or

(2) is contained in a solicitation to renew or refinance existing debt.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.505. PENALTY FOR FAILURE TO REGISTER. (a) The commissioner may impose a penalty not to exceed \$50 for failure to register as required by Section 347.451(a).

(b) The commissioner may impose a penalty not to exceed \$250 for failure to renew an existing registration and submit the appropriate fee before the expiration of the period described by Section 347.451(d).

(c) The penalties provided by this section are the exclusive penalties for a violation of Section 347.451.

(d) The fact that a creditor was not registered as required by Section 347.451 when a contract was executed does not:

(1) render a contract invalid or unenforceable if the contract is otherwise enforceable; or

(2) subject the creditor to liability under any other law, including common law, other than the liability established by this section.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.

Sec. 347.506. WHEN ACT OR OMISSION NOT VIOLATION. (a) An act or omission does not violate this chapter if the act or omission conforms to an interpretation of any provision of this chapter that is in effect at the time of the act or omission and that:

(1) was made by the commissioner under Section 14.108; or

(2) is a final decision of an appellate court of this state or the United States.

(b) If the interpretation or decision is modified, rescinded, or invalidated by a subsequent interpretation or final decision, the subsequent interpretation or final decision does not apply to a credit transaction made before the effective date of the

subsequent interpretation or final decision.

Acts 1997, 75th Leg., ch. 1008, Sec. 1, eff. Sept. 1, 1997.